

ARTICLE APPEARED
ON PAGE 5-A

WASHINGTON TIMES
4 May 1987

Budget cuts, soured Hill bring gloom to State offices

By Richard Beeston
THE WASHINGTON TIMES

Beset with budget cuts, deteriorating relations with Congress and the effects of the Iran-Contra affair, officials at the State Department say they cannot remember a worse time for trying to conduct the nation's foreign policy.

"We're having basically to haul down the flag around the world," Secretary of State George Shultz has complained. "Our budgets have been cut, brutally."

It's not just the budget cutbacks that are causing the atmosphere of gloom and doom in the State Department.

"Our relations with Congress since the '86 elections are the worst in decades. I just don't see how we are going to turn it around," said another official.

From the State Department viewpoint, there is no direction left in the Senate Foreign Relations Committee since Sen. Claiborne Pell, Democrat of Rhode Island, became its chairman. "Instead of a leader, the committee now has four of five self-appointed foreign policy spokesmen," said one official.

In the House, Rep. Dante Fascell, a conservative Florida Democrat and chairman of the Foreign Affairs Committee, is a strong supporter of the Foreign Service. But he has his work cut out for him, according to one congressional staffer, trying to protect the State Department from members of his committee who would "like to beat it to a pulp."

State Department relations with Capitol Hill have deteriorated further over the KGB bugging of the new U.S. Embassy in Moscow and subsequent feuding with the chairman of the House international operations subcommittee, Rep. Daniel Mica, Florida Democrat.

Although Mr. Shultz has declared that he takes full responsibility for what congressional aides are calling

"an absolute disaster," members of the committee are convinced that the State Department is trying to cover up. The committee has issued subpoenas for State Department documents relating to the Moscow embassy security breaches and the Marines sex-for-secrets scandal, setting the scene for a long and bitter fight.

The televised congressional hearings into the Iran-Contra affair, due to begin tomorrow, will divert the administration further from foreign political objectives as it is forced to focus on a scandal that already has damaged American standing and influence abroad.

The affair also has undermined congressional support for further aid to the anti-Marxist Nicaraguan rebels. Time is running out for rebel aid, said one senior State Department official, who predicted that attempts to renew authorization for military assistance almost certainly will be voted down by Congress.

When this happens, officials fear the effects on U.S. policy toward Central America and on fragile regimes such as those of El Salvador and Honduras.

But cuts in the State Department budget, especially for foreign assistance, and their effect on foreign policy, is causing the greatest concern. From \$23 billion in fiscal 1985, the figures fell to \$17 billion in fiscal 1987 and are expected to drop even further in 1988.

About 40 percent of American foreign assistance goes to just two countries — Israel and Egypt.

Nevertheless, officials are concerned over effects of the cuts, including their impact on the southern flank of NATO, where cutbacks in economic and military assistance are around 50 to 60 percent, at a time when the United States is in difficult negotiations to renew military base leases in Spain.

Mr. Shultz said recently the cuts will close down posts around the

world and reduce vital economic and security assistance abroad, including anti-terrorist and anti-drug programs.

The security assistance budget, Mr. Shultz pointed out, goes primarily to countries where the United States has bases — Spain, Portugal, Greece, Turkey and the Philippines.

Philippine President Corazon Aquino, Mr. Shultz said, took over power facing a "major and vicious communist insurgency." But when she was trying to build up her military forces, the United States cut its military assistance in half.

Jay Morris, deputy administrator of the Agency for International Development, complains that the cuts are largely in projects aimed at building up economies in developing nations to enable them to import American goods. "We are shooting ourselves in the foot," he warns.

There now is a "wholesale American retreat in Africa" just when more than a dozen states are moving from doctrinaire socialism to free enterprise. "Just as they begin to undertake these very difficult reforms, we walk away," he said, "frequently making it impossible for them to carry out their plans."

Many of these U.S. assistance programs, he said, were aimed directly at helping to solve America's critical export deficit. The cuts, he said, also were making it impossible to finance President Reagan's South Africa initiative that was to have followed the anti-apartheid measures against Pretoria, and have made the Caribbean Basin Initiative "a hollow promise."

Mr. Morris said the cuts have caused a reduction of about 20 percent in the past six years in the AID work force. The resulting stresses of the increased work load on AID employees, he said, could be statistically observed in the rise of drug-taking, alcoholism and divorces.